REMARKS

This response is intended as a full and complete response to the final Office Action mailed October 30, 2008 ("Office Action"). The Applicants submit that the new arguments presented below in response to the new references cited by the Examiner fulfill the requirements of a "submission" under 37 C.F.R. §1.114.

Moreover, the Applicants note that the Examiner failed to respond to the Applicants assertion that Hond is **not a proper reference** in the previous response. The Applicants again provide the same argument for the Examiner's convenience in section (I)(C) below. The Applicants request the Examiner consider this assertion and remove Hond as a reference against the Applicants' invention based on the arguments set forth below.

In view of the foregoing amendments and the following discussion, Applicants submit that none of the claims now pending in the application are obvious under the provisions of 35 U.S.C. §103. Thus, Applicants believe that all of these claims are now in allowable form.

It is to be understood that Applicants do not acquiesce to the Examiner's characterizations of the art of record or to Applicants' subject matter recited in the pending claims. Further, Applicants are not acquiescing to the Examiner's statements as to the applicability of the art of record to the pending claims by filing the instant response.

I. REJECTION OF CLAIMS 28-47 UNDER 35 U.S.C. § 103

A. Claims 28, 30-34, 36-37, 39-45 and 47

The Examiner has rejected claims 28, 30-34, 36-37, 39-45 and 47 under 35 U.S.C. §103(a) as being unpatentable over Lanier et al. (U.S. 5,588,104, hereinafter "Lanier I") in view of Lanier et al. (U.S. 5,588,139, hereinafter "Lanier II") further in view of Young (U.S. 4,706,121, hereinafter "Young") further in view of Hoarty, (U.S. 5,361,091, hereinafter "Hoarty"). Applicants respectfully traverse the rejection.

The Applicants respectfully submit that Lanier I, Lanier II, Young, and Hoarty alone or in any permissible combination, fail to teach or suggest Applicants' invention of

a method for placing virtual objects in virtual object locations in a video program at a head end in a television program delivery system, as specifically recited by Applicants' independent claims 28 and 37. Specifically, Applicants' independent claims 28 and 37 positively recite:

> 28. A method for placing virtual objects in virtual object locations in a video program at a head end in a television program delivery system, comprising:
> receiving at the head end a plurality of virtual objects, wherein said head end is coupled to a plurality of set top terminals;
> storing the plurality of virtual objects in a database;
> identifying at the head end at least one virtual object location for each frame of the video program;
> selecting at the head end one or more of the plurality of virtual objects to be transmitted to a targeted terminal of said plurality of set top terminals according to a set of placement rules and targeting information, wherein the targeted terminal is targeted by demographic information;
> inserting at the head end the one or more of the plurality of virtual objects into the identified at least one virtual object location during a display or storage of the video program; and
> transmitting said video program to said targeted terminal. (Emphasis added).
>
> 37. An operations center located at a head end, in a television program delivery system that receives a plurality of virtual objects and video programs having virtual object locations and places the virtual objects into the video programs, comprising:
> a database for storing the received plurality of virtual objects;
> a virtual object location definer for identifying at least one virtual object location;
> a virtual object selector for selecting at least one of the plurality of virtual objects to be transmitted to a targeted viewer terminal of a plurality of viewer terminals coupled to said head end according to a set of placement rules, wherein the targeted viewer terminal is targeted by demographic information; and
> a targeted virtual object management system for selecting at least one of the plurality of virtual objects according to targeting information and inserting the selected at least one of the plurality of virtual objects into the at least one virtual object location during a display of the video programs at said viewer terminal. (Emphasis added).

In one embodiment, Applicants' invention teaches a head end-centric method and operations center for inserting virtual objects into video programs. Consequently,

Applicants' invention advantageously allows the set top terminals located at a subscriber's home to be cheaper and require less hardware. In another embodiment, Applicants' invention teaches a targeted terminal of a plurality of set top terminals, wherein a targeted terminal is targeted by demographic information. This invention advantageously allows for the selection of virtual objects more aptly suited and better tailored for video program viewer. In addition, the terminals located at the viewer's location requires less processing power, thereby, reducing costs of the terminals.

The Examiner concedes that Lanier I, Lanier II, and Young "fail[s] to teach head end coupled to a plurality of set top terminals and transmitted to a targeted terminal of said plurality of set-top terminal." (See Final Office Action, p. 3). However, the Examiner now asserts that Hoarty teaches that a head end is coupled to a plurality of set top terminals and transmitted to a targeted terminal of said plurality of set-top terminals. Applicants respectfully disagree, and submit that Hoarty fails to bridge the substantial gap between Lanier I, Lanier II and Young and Applicants' invention of independent claims 28 and 37.

Specifically, Hoarty is devoid of any teaching or suggestion of at least the claimed limitation of selecting at the head end one or more of the plurality of virtual objects to be transmitted to a targeted terminal of said plurality of set top terminals according to a set of placement rules and targeting information, wherein the targeted terminal is targeted by demographic information, as recited by Applicants' claim 28. The sections of Hoarty cited by the Examiner only teach that targeted advertising is achieved by transparent channel switching. (See Hoarty, col. 17, l. 50 – col. 18, l. 11).

Thus, even if Lanier I, Lanier II, Young and Hoarty were permissibly combined, the combination would still fail to teach or suggest selecting at the head end one or more of the plurality of virtual objects to be transmitted to a targeted terminal of said plurality of set top terminals according to a set of placement rules and targeting information, wherein the targeted terminal is targeted by demographic information. Lanier I and Lanier II teach that virtual objects are created, stored and processed locally by a computer (i.e. a terminal). (See Lanier I and Lanier II, generally). Notably, the processing required by Lanier I and Lanier II makes the costs of mass distribution of the terminals prohibitive. Young only teaches broadcast of TV schedule information via an

FM broadcast. (See Young, col. 6, ll. 18-28). As noted above, Hoarty only teaches achieving targeted advertising by channel switching. (See Hoarty, col. 17, l. 50 – col. 18, l. 11). Thus, the combination of Lanier I, Lanier II, Young and Hoarty would only teach broadcasting television schedules over FM to a computer that creates, stores and processes virtual objects locally and the ability to switch channels transparently to provide an advertisement. Notably, the combination of Lanier I, Lanier II, Young and Hoarty does not teach or suggest selecting at the head end one or more of the plurality of virtual objects to be transmitted to a targeted terminal of said plurality of set top terminals according to a set of placement rules and targeting information, wherein the targeted terminal is targeted by demographic information.

In addition, the Applicants respectfully submit that Lanier I and Hoarty cannot be meaningfully combined. The MPEP § 2141.02(VI) requires the Examiner to consider the prior art in its entirety. "A prior art reference must be considered in its entirety, i.e., as a whole, including portions that would lead away from the claimed invention". MPEP § 2141.02(VI), W.L. Gore & Associates, Inc., v. Garlock, Inc., 721 F.2d 1540, 220 USPQ 303 (Fed Cir. 1983), cert. denied, 469 U.S. 851 (1984)(emphasis added). If proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification. *In re Gordon*, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984) MPEP 2143.01(V).

Lanier I explicitly teaches that a user has control to choose desired virtual objects locally. (See Lanier I, col. 2, ll. 1-4, 36-39). In contrast Hoarty teaches that a node (i.e. allegedly the head end) controls channel switching during commercial breaks in programming. Thus, modifying Lanier I with the teachings of Hoarty would render Lanier I unsatisfactory for its intended purpose. That is, attempting to modify Lanier I with the teachings of Hoarty would remove control away from the user. Rather, Lanier I explicitly intends to provide control of virtual worlds to the user. Thus, modifying Lanier I with the teachings of Hoarty would render Lanier I unsatisfactory for its intended purpose. As a result, Lanier I and Hoarty cannot be meaningfully combined.

Therefore, Applicants respectfully submit that independent claims 28 and 37 are patentable under 35 U.S.C. 103(a) over Lanier I in view of Lanier II further in view of

Young further in view of Hoarty. Furthermore, each of the remaining rejected claims depends from one of these claims and recites additional limitations therefrom. Therefore, these remaining rejected claims are patentable for at least the reasons discussed above with respect to the claims from which they depend. Therefore, Applicants respectfully request that the Examiner's rejection be withdrawn.

B. Claims 29 and 38

The Examiner has rejected claims 29 and 38 under 35 U.S.C. §103(a) as being unpatentable over Lanier I in view of Lanier II further in view of Young further in view of Hoarty further in view of Esch et al. (US Patent 5,283,639, hereinafter Esch). Applicants respectfully traverse the rejection.

Claims 29 and 38 depend from independent claim 28 and 37, respectively, and recite additional limitations thereof. For at least the reasons discussed above, the combination of Lanier I, Lanier II, Young and Hoarty fails to teach or suggest Applicants' invention as recited in independent claims 28 and 37. Specifically, none of the prior art references currently cited teaches or suggests a method or an operations center for placing virtual objects in virtual object locations in a video program at a head end comprising selecting at the head end one or more of the plurality of virtual objects to be transmitted to a targeted terminal of said plurality of set top terminals according to a set of placement rules and targeting information, wherein the targeted terminal is targeted by demographic information. Moreover, Esch fails to bridge the substantial gap left by Lanier I, Lanier II, Young and Hoarty because Esch specifically teaches that all the customization occurs at each remote site (i.e. a set top terminal) and not at the head end. (See Esch, col. 4, ll. 14-19; col. 5, ll. 22-46; col. 7, ll. 18-20).

Accordingly, any attempted combination of the Lanier I, Lanier II, Young and Hoarty references with any additional reference(s), in a rejection against the dependent claims, would still result in a gap in the combined teachings in regards to the independent claim. As such, Applicants submit that dependent claims 29 and 38 are patentable under 35 U.S.C. §103 over the combination of Lanier I, Lanier II, Young, Hoarty and Esch. Therefore, Applicants respectfully requests that the Examiner's rejection be withdrawn.

C. Claims 35 and 46

The Examiner has rejected claims 35 and 46 under 35 U.S.C. §103(a) as being unpatentable over Lanier I in view of Lanier II further in view of Young further in view of Hoarty further in view of de Hond (US Patent 5,737,533, hereinafter Hond). Applicants respectfully traverse the rejection.

Claims 35 and 46 depend from independent claim 28 and 37, respectively, and recite additional limitations thereof. For at least the reasons discussed above, the combination of Lanier I, Lanier II, Young and Hoarty fails to teach or suggest Applicants' invention as recited in independent claims 28 and 37. Specifically, none of the prior art references currently cited teaches or suggests a method or an operations center for placing virtual objects in virtual object locations in a video program at a head end comprising selecting at the head end one or more of the plurality of virtual objects to be transmitted to a targeted terminal of said plurality of set top terminals according to a set of placement rules and targeting information, wherein the targeted terminal is targeted by demographic information. Accordingly, any attempted combination of the Lanier I, Lanier II, Young and Hoarty references with any additional reference(s), in a rejection against the dependent claims, would still result in a gap in the combined teachings in regards to the independent claim.

Moreover, Applicants respectfully submit Hond fails to bridge the substantial gap left by Lanier I, Lanier II, Young and Hoarty because Hond is not a proper reference. Applicants claim priority to U.S. Patent Application Serial No. 07/991,074 filed on December 9, 1992. The earliest filing date of Hond is October 26, 1995. As a result, the effective filing date of Applicants' invention is earlier than the effective filing date of Hond. Therefore, Hond is not a proper reference against Applicants' invention.

As such, Applicants submit that dependent claims 35 and 46 are patentable under 35 U.S.C. §103 over the combination of Lanier I, Lanier II, Young, Hoarty and Hond. Therefore, Applicants respectfully requests that the Examiner's rejection be withdrawn.

CONCLUSION

Thus, Applicants submit that none of the claims presently in the application, are obvious under the provisions of 35 U.S.C. §103. Accordingly, both reconsideration of this application and its swift passage to issue are earnestly solicited.

If, however, the Examiner believes that there are any unresolved issues requiring adverse final action in any of the claims now pending in the application, it is requested that the Examiner telephone Eamon J. Wall or Jimmy Kim, at (732) 842-8110, so that appropriate arrangements can be made for resolving such issues as expeditiously as possible.

Respectfully submitted,

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